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Seniors' Stake in Health Reform

What it Means for Medicare Beneficiaries

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Introduction and summary

America's seniors, not surprisingly, are asking what health care reform means for them. Seniors, of course, receive the bulk of their health care services through Medicare, as do Americans under the age of 65 with disabilities. And even if there were no issues specific to this important government program in today's health reform debate—which there are—Medicare beneficiaries have the same stake as all of us do in an affordable health care system that works for everyone. All Americans will benefit from improved quality and efficiency in health care delivery, as well as the economic advantages of reducing the spiraling growth of health care costs and assuring that all Americans have affordable, comprehensive health coverage.

That's why it's important to clarify what really is at stake for seniors and disabled Medicare beneficiaries in Medicare. This paper reviews the two most discussed legislative proposals—The House of Representatives' Affordable Health Care for America Act (H.R. 3962) passed by the House on November 7, 2009, based on the America's Affordable Health Choices Act (H.R. 3200), which the three House authorizing committees passed this summer, and the Senate's America's Healthy Future Act, which passed the Senate Finance Committee earlier this month.¹ We examine provisions in the two pieces of legislation that both improve Medicare benefits and slow the rate of growth in Medicare payments to doctors, hospitals and other providers.

Specifically, we will demonstrate that the House bill is the more generous of the two for Medicare beneficiaries, although it is also the more expensive—in part because of these additional Medicare benefits. On balance, though, most of the reforms contained in the two bills would make Medicare a stronger program. Key benefit improvements, particularly associated with the House bill, include:

- Better protection against the costs of prescription drugs.
- Better access to primary care physicians through payment reform.
- Better coverage of preventive care and other health care services.
- New long-term care coverage.
- Expanded protections for those with low incomes.

Key reductions in Medicare spending include:

- Payment reform for Medicare Advantage plans offered by private insurance companies.
- Reductions in annual payment growth for hospitals and other non-physician providers.
- Some changes to Medicare premiums paid by Medicare beneficiaries.

If enacted, these reforms will improve our nation's health care system, but the impact of health reform's proposed changes for Medicare must be evaluated in a broader context. Just as health reform can substantially improve our health care system, even if it falls short of everyone's "ideal," so too can changes in Medicare improve its effectiveness—even if the legislation doesn't achieve all we'd like to see. Further, regardless of whether health care reform legislation is passed, pressures for holding down costs will continue—both for Medicare and for private insurance as taxpayers, employers and employees alike find that the rate of growth of spending to be an increasingly untenable burden.

The following analysis recognizes these broader issues while examining the specific issues of concern to America's seniors and disabled who rely on Medicare for their health care needs. Changes being proposed for the Medicare program include a combination of expansions and reductions in payments and modest improvements in coverage that, on the whole, will improve the program and achieve the goals of health care reform by:

- Encouraging better primary care and preventive care.
- Making physicians, hospitals and other health care providers conscious of finding ways to increase the productivity of care delivered.
- Rebalancing Medicare payment levels where they are either too high or too low.

The improvements are modest, but in line with the fiscal limits that Congress has prescribed for overall health care reforms. For Medicare beneficiaries, the House bill offers a number of advantages over the Senate version of the legislation. Specifically, the House bill would do more to improve coverage and provide protections to beneficiaries and would not increase income-related beneficiary premiums nor create a commission that would single out Medicare for arbitrary growth limits.

All Americans, however, recognize that while it is tempting to ask who wins or loses directly, we all have a stake in an improved health care system that meets the needs of all Americans. We can save costs and ensure appropriate emergency room services, for example, only by ensuring patients who could be treated better elsewhere have health insurance coverage, thereby reducing the burden on overcrowded emergency rooms. Similarly, new preventative services for those Americans who have poor access to health care will result in a healthier population, bolstering our ability to afford care and lowering the long-range costs of Medicare.²

The changes being proposed for Medicare are examined in detail in the pages that follow. This expansion of benefits clearly represents helpful improvements, but even the spending reduction proposals are reasonable within the context of system-wide goals. Our health care system will change over time, of course, but the goal is to make those changes apply fairly and reasonably for all Americans. The legislation now before Congress can achieve those two important goals.

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